

LONGINES World's Most Honoured Watch

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HINE connoisseurs' cognac

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NEWS SUMMARY

GENERAL Rhondda mounts flood clean-up

A major clean-up was being mounted yesterday in the Rhondda Valley...

Damage was estimated at millions of pounds, and the Mayor of Rhondda, Mrs. Annie Powell...

At Pangbourne, Berks., police divers were searching for the body of an eight-year-old boy...

Egyptian bases Egypt will provide military facilities for U.S. troops...

747 inspections The U.S. National Transportation and Safety Board has ordered checks on the engine mountings of Boeing 747s...

Prisoner caught Glasgow police recaptured John McDuff, 37, one of two escapees from Perth Prison...

Rolls record Rolls-Royce enters the 1980s with a record order book worth about £5bn...

EI Al agreement A threatened shutdown today of Israel's airline EI Al has been averted after pilots agreed to take a 40 per cent pay cut...

Candidate killed Attackers with bombs and knives killed a West Bengal Labour Party candidate in the run-up to this week's Indian elections...

Police 'dragnet' Policemen skilled in judo and karate should dress as old women in an attempt to catch muggers...

Briefly... Vatican confirmed its suspension of controversial theologian Professor Hans Kung...

Heavy poll was reported in Somalia's first Parliamentary and local government elections for 10 years...

Roads between Rhodesia and Zambia are expected to re-open in days, bringing urgent food relief to Zambia...

We wish our readers a Happy New Year

The Financial Times will not be published on New Year's Day

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Russian troops and tanks pour into Afghanistan

BY ALAIN CASS WHO YESTERDAY FLEW INTO KABUL

Russian troops, backed by heavy armour, were pouring into Kabul yesterday by road and air...

There are now 25,000-30,000 Soviet troops in Afghanistan. The scale of the operation leaves little doubt that the Soviet Union is prepared to throw its full weight into imposing its will...

I flew into Kabul with a number of Western correspondents on the Afghan national airline, Ariana, landing shortly before 10 am local time.

We were allowed to stay throughout the day until the order eventually came for us to be refueled the usual one-week visa...

Diplomats here confirmed that at least a further 11,000 of the 50,000 Russian soldiers deployed on the Soviet side have crossed the border into Afghanistan to reinforce the airborne forces which took control of the capital on Thursday night.

The U.S. said yesterday that it was prepared to defend Pakistan against any threat from Soviet troops in Afghanistan...

The city is teeming with T-62 Soviet tanks and half-track personnel-carriers. Many are dug in at key intersections...

Columns of tanks and artillery, including 155mm cannon, were moving in convoys.

Roads the city and out toward the Pakistan border, the Russians are establishing a defence perimeter, apparently to guard against potential attack from defected Afghan Army units and tribal rebels.

The Russians clearly ran into some resistance when they invaded. It was claimed yesterday by Afghan Opposition leaders who had spoken to Western diplomats before going underground that an unknown number of Soviet troops were being held hostage at Khargha Barracks near Kabul by troops still loyal to the late President Hafizullah.

officials (travelling in small red and white jets) flew into Kabul, no doubt to strengthen Moscow's political pressure in the capital.

The same sources claimed that two important barracks surrendered to the Soviet forces only yesterday morning. This was confirmed by diplomats.

A number of Soviet troops were evidently killed in the brief but bloody battle which led to the coup on Thursday. There were also unconfirmed reports of hand-to-hand fighting in several towns and that a power station at Jalalabad was destroyed by rebels.

Soviet detachments were also on their way yesterday to the province of Paktia, where major clashes have taken place.

ASLEF to black all steel imports

BY NICK GARNETT AND ROY HODSON

ASLEF will instruct its members to black steel imports, together with the movement of finished products and raw materials to and from the British Steel Corporation.

ACAS management and the general secretaries of the two principal unions in the dispute agreed last night to have separate meetings with the Advisory, Conciliation and Arbitration Service this afternoon.

ACAS made the request to see if there is any ground for attempting to get the two sides together. The ISIC and the Blastfurnacemen are far apart from BSC's point of view.

Mrs. Margaret Thatcher, the Prime Minister, yesterday rejected a request from Mr. James Callaghan, leader of the opposition, for an immediate recall of Parliament.

The ear industry and the can-makers, which together account for the high-volume usage of steel in Britain, will be able to maintain production at normal levels for up to six weeks.

The impact of the strike will be affected by the co-operation of the steel unions receive from transport unions.

The National Union of Railwaymen has already instructed its members not to move any raw material or steel to and from BSC, and its dock members not to handle imported steel.

Continued on Back Page Editorial Comment: Page 10 Steel stocks build-up: Page 3

Chancellor's New Year Message Setting out on right road

I SHOULD like to be able to write my first New Year message as Chancellor against a more cheerful background.

We inherited an economy demoralised by inflation and inflexible and unresponsive to change. People were disheartened by high taxation, with initiative and effort undervalued, and the workings of the market frustrated by ill-judged interference by governments over many years.

But it was clear to the Government what had to be done. Inflation had to be attacked at its roots, public spending and borrowing and the money supply brought under control, and incentives improved by shifting the balance of taxation.

Of course we cannot change the climate overnight, and in the meantime improvements in industrial relations are vital. Trade unions must protect the interests of their members. But I think everyone agrees there has been an excessive shift in the balance of power both from management to unions and often to militants within unions, which has not really helped them to do this.

So though the background to 1979 was gloomy, I am confident that 1980 will see us on the right road. And in the long-term I am sure we shall see a climate that is more hospitable to enterprise, with fresh opportunities for firms and individuals and throughout the economy, to innovate and invest and create

claimed several ceasefire "violations" by guerrillas, including attacks on farm compounds and infiltration on both sides of the country.

They also confirmed that a 63-year-old white man had been ambushed, and a bus carrying black passengers hit with a rocket.

ZANU's announcement that the Patriotic Front would not fight on a common platform, but in a very loose alliance, was made at a huge rally in the Highfield township outside Salisbury by Mr. Enos Nkala, the most senior ZANU official in the country.

The crowd, estimated at more than 50,000, the largest show of political support since the signing of the ceasefire, gave a huge cheer to the decision.

Continued on Back Page

Soames orders border patrols

BY QUENTIN PEEL IN SALISBURY

LORD SOAMES, the British Governor of Rhodesia, yesterday ordered his army units—less than 48 hours after the beginning of the ceasefire followed a Rhodesian claim that some 600 to 700 guerrillas had crossed the Mozambique border, in spite of the commitment that all such infiltration should cease.

His decision coincided with the first political bombshell of the election campaign, when Mr. Robert Mugabe's ZANU wing of the Patriotic Front guerrilla alliance announced that it would be fighting the forthcoming election alone, and not united with Mr. Joshua Nkomo's ZAPU wing.

The announcement could have a major effect on the outcome of the election, and on any future alliance formed to create the first Government of an independent Zimbabwe.

Lord Soames's move to allow the Rhodesian forces to deploy away from their bases—although in small units—less than 48 hours after the beginning of the ceasefire followed a Rhodesian claim that some 600 to 700 guerrillas had crossed the Mozambique border, in spite of the commitment that all such infiltration should cease.

Sir Kenneth Keith is life peer

BY ELINOR GOODMAN, LOBBY STAFF

SIR KENNETH KEITH, retiring chairman of Rolls-Royce and the man at the centre of the row over the company's future relations with the National Enterprise Board, is one of six life peers created in the New Year's Honours published today.

The list also includes the first awards for political service since Mr. Heath left office in 1974, with 50 Conservatives receiving political honours, including Lord Thorneycroft, the Party chairman, who is made a Companion of Honour—and six Liberals.

Sir Kenneth, who went to Rolls-Royce in 1972 shortly after the Government rescued the company, is one of a number of prominent industrialists to receive awards. Sir Marcus Sieff, chairman of Marks and Spencer, and Sir Edwin McAulpine, partner in Sir Robert McAulpine and Sons, are both made life peers while Mr. John Sainsbury, chairman of J. Sainsbury, Mr. Austin Bide, chairman and chief executive of Glaxo Holdings, and Mr. Kenneth Cornfield, chairman of Standard Telephones and Cables receive knighthoods.

rewards with knighthoods. This year, four Tory MPs—all to the right of the centre of the party—are made knights. They are Mr. Ronald Bell; Mr. William Clark, chairman of the Tory finance committee of backbenchers; Mr. Walter Clegg, Treasurer of the 1922 Committee; and Mr. Graham Page.

The arts this year are represented by Mr. Alfred Hitchcock, the veteran director of suspense films, and Mr. Colin Davis, music director of the Royal Opera Covent Garden, who both receive knighthoods. Cliff Richard, the pop singer, receives an OBE.

Mr. John Junor, Editor of the Sunday Express, is made a Knight, while Mr. Norris McWhirter, the author of the Guinness Book of Records, whose twin brother was killed in a terrorist attack, gets the CBE.

The other life peerages are awarded to Mrs. Joan Barker, a former mayor of Cambridge, and Lord Emslie, the Lord Justice-General of Scotland and Lord President of the Court of Session.

Honours List Page 9 Men and Matters Page 10

Scotland's Number One Quality Scotch Whisky BELL'S Old Scotch Whisky

ver... alia... nd?... BANK... ZEALAND... WATED

OVERSEAS NEWS

WORLD TRADE NEWS

UN agreement sought on Waldheim's Iran mission

MEMBERS OF the Security Council tried to reach agreement yesterday on a resolution to send Dr. Kurt Waldheim, the United Nations Secretary-General, to Tehran...

Secretary of State, who opened the council debate on Saturday night, said the U.S. wanted the world body to condemn Iran's failure to release the hostages...

Indian poll candidate killed

ATTACKERS armed with bombs and knives have killed a national election candidate in West Bengal state, Reuters reports from New Delhi...

Sadat says U.S. can use Egyptian bases

EGYPT WILL provide military facilities for U.S. troops to intervene in defence of Arab countries in the Gulf, President Anwar Sadat said in interviews published here yesterday...

In making his offer to the U.S., Mr. Sadat said it was self-evident that the Gulf States were incapable of defending themselves...

Second postponement for Eilon Moreh settlers

ISRAEL'S Cabinet has once again postponed the evacuation of the controversial Eilon Moreh settlement near Nablus on the occupied West Bank of Jordan...

The Supreme Court ruled in October that the site must be evacuated within a month, but in November the Government allowed a stay of execution...

Uneasy truce grips Umtali

AN UNEASY truce gripped the Rhodesian border with Mozambique as the ceasefire moved into its second day yesterday...

Dangerous

But whatever happens, life continues much as before for the people of Umtali, the biggest town on the eastern border...

Important

The ceasefire has brought important changes. It is now possible to look out from the Forbes border post, across the city to the distant towns of Mozambique...

Apprehension

The nearest rendezvous point for the Patriotic Front is 35 miles from the town, but among both the black and white communities, there is great apprehension about their return...

Suspicious

The success of the ceasefire is likely to depend ultimately on the trust which the Commonwealth monitoring force can achieve with both the Patriotic Front and the Rhodesian security forces...

Military will be excluded from Lisbon Cabinet

THE LEADER of Portugal's Social Democrats, Dr. Francisco Sa Carneiro, is due to meet President Ramalho Eanes today to seek approval for his 15-man Cabinet...

Quentin Peel in Salisbury looks at Rhodesian trade route prospects Linking up after the fighting

ROAD ROUTES between Rhodesia and Zambia are expected to reopen within a matter of days, bringing urgent relief to Zambia, following top level Government discussions last week...



where that country's major outlets, and from dislocation of its own communications, which depended in part on transit through Rhodesia...

Immediate benefits of opening the borders will go to Zambia, Malawi and Mozambique, all of who have been badly affected by the dislocation of the regional transport system...

expected to be an air link, and Mozambique has already agreed to over-lying rights. The road through Tete from Salisbury to Blantyre was also an important trade link before it was cut...

Hong Kong deficit narrows

HONG KONG'S trade deficit, in November narrowed to HK\$893m (£82.53m) compared with HK\$1,183m (£109m) the previous month...

Shanghai sets up company to boost foreign trade

SHANGHAI, China's largest and leading industrial city, has set up a trade corporation to deal with foreign businessmen...

Record Korean ship orders

SEOUL — Despite a global shipbuilding slump, South Korea has received a record \$813m in export orders this year...

Tanker outlook improves

AFTER SEVERAL years in the doldrums, the world's tanker fleet should fare considerably better in 1980, according to Liverpool stockbrokers...

Iran suspends five offshore contracts

CONTRACTS BETWEEN Iran and foreign oil companies involved in four offshore joint ventures and one offshore service contract have been officially suspended...

World Economic Indicators

Table with columns for Country, Nov. 79, Oct. 79, Sept. 79, Nov. 78, % change over previous year, Index base 1974=100. Includes U.K., Germany, Italy, Holland, U.S., France, Belgium, Japan.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Jan., Last, April, Last, July, Last, Stock. Lists various options like ABN C, ABN D, etc.



Checks may not delay Jumbos

By Michael Donne, Aerospace Correspondent
BOEING 747 Jumbo jet flights are not expected to be delayed today as a result of checks being made on the engine mountings of all 747s powered by American Pratt and Whitney JT9D engines.

Steel build-up may block hopes of short, sharp strike

BY ROY HODSON
THE STEEL UNIONS' hopes of achieving their pay objective by a short, sharp strike starting on Wednesday are unlikely to be realised.

Minimum Lending Rate was raised to record levels and British Steel was forced to produce for stock in the absence of buyers.

Flood cash cut warning unheeded

BY JOHN LLOYD
THE NATIONAL Water Council, the co-ordinating body for the country's water authorities, warned the Government four months ago that its capital expenditure was being cut to near-danger levels.

State road freight offer of 20%

BY NICK GARNETT, LABOUR STAFF
LORRY DRIVERS in the nationalised road freight companies have been offered a pay and productivity package which includes a rise of marginally more than 20 per cent on basic rates for the highest grade men.

Delay company car tax increase, urges CBI

BY JOHN ELLIOTT, INDUSTRIAL EDITOR
A WARNING to the Government not to increase the tax on company cars before substantial reductions have been introduced in personal taxation for lower and middle-income earners is issued this morning by the Confederation of British Industry.

Airlines protest at British cost plans

BY ELAINE WILLIAMS
PROPOSALS to increase UK air navigation costs and airport handling charges are punitive to airlines, according to the Association of European Airlines.

Job prospects still declining—Manpower

BY JOHN LLOYD
EMPLOYMENT PROSPECTS in the UK continue to deteriorate, says Manpower, the work contracting company, in a survey published today.

Gilt-edged investors expect sharp fall in interest rates

BY DAVID MARSH
INTEREST RATES are expected to fall sharply next year, according to replies to a questionnaire distributed to gilt-edged investors by stockbrokers L. Messel.

Inflation survey gives warning for 1980s

THE SINGLE £8,000-a-year man of today will need an income of £20,000 a year by 1990, just to stay where he is now, if prices go on rising at the present rate.

Transport outstrips all energy users

BY ELAINE WILLIAMS
USE OF energy for transport has outstripped energy consumption generally, according to Government statistics released yesterday.

Brokers expect policy changes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT
THE GOVERNMENT is likely to be forced in the next 18 months to modify its approach to a strong sterling exchange rate, wage freedom, industrial aid, and import controls, say the stockbrokers Wood Mackenzie in their end-of-the-year Economic Outlook published today.

Motoring holiday scheme

FINANCIAL TIMES REPORTER
CHEAP motoring package holidays are to be introduced by Townsend Thoresen Holidays, part of the ferry group, to encourage the use of its growing number of ferries.

Provincial journalists may accept offer

BY ALAN PIKE, LABOUR CORRESPONDENT
PROVINCIAL journalists appear to be moving closer to acceptance of a pay offer which they originally rejected.

Post Office structure to change

THE Post Office enters the New Year with considerable uncertainty surrounding its structure. In the first place, the two main businesses—postal and telecommunications—will be effectively run by two separate Boards, though both will be under the chairmanship of Sir William Barlow, the Post Office chairman.

Hope for Ulster power switch

MR. HUMPHREY ATKINS, the Northern Ireland Secretary, has said agreement at the forthcoming conference on Ulster could lead to the devolution of a wide range of responsibilities.

Post Office urged to cut home deliveries

BY JOHN LLOYD
THE Mail Users' Association, which represents the interest of business mail users, wants the abolition of the second daily delivery to homes.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbor Management Publications. Readers wishing to consult original texts should write to: P.O. Box 23, Wembley, HA9 8DJ, Managing the Working Capital Cycle...

"ONE of our top salesmen comes in drunk every day. We know it. But there is nothing we can do until it affects his work performance," said the medical officer of a New York insurance firm.

Frank Lipsius on the problems created when social drinking becomes anti-social The high cost of business hangovers



3.8 per cent of office and clerical workers. They make mistakes. After citing statistics that show a recovery rate of 80 per cent for alcoholics in companies with an enlightened attitude, he advised supervisors to look out for "symptoms" (that) include red or bleary eyes, flushed faces, over-tiredness, absenteeism, avoidance of supervisor or fellow-workers, increasing irritability or other personal changes, nervousness, decreased efficiency, vindictiveness, untruthfulness and distortion in

usually the best guarantee of ultimate cure, since it shows a willingness to face the problem while the individual still functions in his work and social capacities. In the upper echelons of business, self-referral is usually the only way an executive will find help. Lower down, however, Dr. Brownlee finds supervisors willing to refer subordinates to any existing network of assistance. A court case in New York affirmed the right of a company to demand that an employee should undergo a psychiatric evaluation as an extension of the theory of preventing the spread of disease. The prevailing practice, however, is to broach the subject only when job performance is affected.

personal life as little as possible. At Brownlee Dolan Stein, hospitals' out-patient units are recommended to allow alcoholics the chance to receive individual counselling as well as group work, again supplementing the AA. Personal counselling tends to be used to steer clients towards accepting the AA as their long-term source of help. Ultimately, the major concern of those involved in all these services is whether their jobs will be jeopardised by their alcoholic problems. Jim Wrich, who runs the employee assistance programme for United Airlines and is the executive director of the 1900-member Association of Labour Management Administrators and Consultants on Alcoholism, finds his own company as good as its word at getting cured alcoholics back on the job. In the particularly sensitive airline world for example, more than 60 pilots have been treated and put back on the job after alcoholism therapy.

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

New Year resolvers take heed

Many of the popular resolutions are excellent, but one should consider their application carefully. Most favoured is the decision to take regular exercise. A splendid notion, but may I beg those who actually start their effort to take it easily. A good walk; even a gentle trot for a short distance, may lead on to better disciplines. But please do not attempt a 10-mile gallop; half an hour on a static bicycle; or hours of attempting to lift great weights. Neither I nor any other doctor wishes to encourage unnecessary extra work for himself.

should remember that practice such as taking four hour lunch breaks are no more guiltless. Such sessions are likely to provide bad examples. Of course, such marathons are "to conduct business." But how much real business is carried out during the course of a four hour, 4,000 calorie session in which the drink flows freely? Maybe some, or a great deal, or none at all; but be sure the indulger in such sybaritic sessions is good for nothing afterwards other than

to go aimlessly home and irritate his wife. To most people health refers only to bodily fitness. But mental happiness is just as important. If a man works hard and well, he should be rewarded. The surly, ungrateful senior is a poor thing and should expect results rendered in a similarly uncomplaisant manner. Normal people can improve their attitudes, but the few psychopaths in management do not bother to make resolutions; a visit to a garage for a rebore is their only hope. Happily there are more sensible people than otherwise, both as commanders and followers. The morale of a military unit reflects the character of the command-

BUSINESSMAN'S DIARY

Table with columns: Date, Title, Venue. Includes UK Trade Fairs and Exhibitions such as Model Engineer Exhibition, London International Boat Show, etc.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table with columns: Date, Title, Venue. Includes International Record and Music Publishing Market, International Boat Show, etc.

BUSINESS AND MANAGEMENT CONFERENCES

Table with columns: Date, Title, Venue. Includes COC: Tax Planning and the Boat Owner, University of Bradford: Managing Management Development, etc.

'Refuseniks' and the Games

From Mrs. Rita Eker. Sir,—In the article headed "Olympian effort to polish Moscow's image" (December 19) your Moscow correspondent includes those who have applied to emigrate in his list of Soviet citizens likely to be sent out of the city at the time of the Olympics.

I have asked Lord Killanin and other members of the IOC before, and through your columns I ask them again "what action do they propose to take if innocent Soviet citizens are arrested and thrown into psychiatric wards or into exile in Siberia just before, during or after the Games?"

The 'why work' syndrome

From Mr. V. S. Gorston. Sir,—As the Government is trying to tackle the "Why work?" syndrome, I would like to put forward a suggestion that I have discussed with a number of people including trade unionists, who all think it would be worth trying.

Letters to the Editor

The moving finger writes

From Mr. P. T. Humphrey. Sir,—I was fascinated by Jason Crisp's article on "Psychology" (December 21). While I am sure that it was intended as a light-hearted Christmas offering, nevertheless, as a practising personnel professional at Board Level in the manufacturing industry, I have accepted over the past 15 years the contribution of the graphologist to the management selection process.

The yellow peril

From Mr. D. W. T. Adamson. Sir,—I read with interest the article on December 3 in your executive health section, headed "The Yellow Peril."

Taxman's rights

From Mr. A. E. Gooding. Sir,—In their recent judgment on the Rossminster affair, the Law Lords expressed concern for further safeguards to protect individual liberty and the rights of privacy against the powers available to the Inland Revenue and other Government departments under present law.

Inspector at the Door

Inspector at the Door" issued by the Adam Smith Institute and the National Federation of Self-Employed and Small Businesses, the Revenue may issue a warrant allowing officers to enter by force if necessary and with police if they think it appropriate.

Cars of the future

From Mr. F. C. Mills. Sir,—Thank you for article, "Engines should stop hitching" by David Fishlock on Tuesday, December 18.

CLUBS

NOTICE IS HEREBY GIVEN that a dividend of ten cents (10c) has been declared on the shares of the company...

COMPANY NOTICES

Notice to Holders of European Depository Receipts (EDRs) in NIPPON SHINPAN COMPANY, LIMITED. Further to our notice of September 14, 1979, EDR holders are informed that the interim cash dividend payable is Yen 5.00 per Common Stock of Yen 50.00 per share.

Table for UNION CORPORATION GROUP ANNUAL GENERAL MEETING. Lists company names, dates of meetings, and transfer books closed.

CASSIAR ASBESTOS CORPORATION LIMITED. DIVIDEND 10c PER SHARE. NOTICE IS HEREBY GIVEN that a dividend of ten cents (10c) has been declared on the shares of the company...

CONTRACTS AND TENDERS. ANNOUNCEMENT FOR THE CANCELLATION OF INTERNATIONAL CALL FOR TENDERS. The Syrian Petroleum Company announces the cancellation of its international call No. 25379/G/MS dated 16.10.1979 concerning invitation of tenders for the execution and putting into operation of a Pilot for the Utilisation of Associated Gases in the Syrian Oilfields.

FORECASTS 1980

ELECTRONICS

Demand for semi-conductors and computers is likely to continue strong

ELECTRONICS IS a sector of many divisions...

In Europe, the three largest manufacturers...

Semi-conductors, or chips, are now regarded as the sector's 'fuel oil'...

In the UK, the joint venture between the General Electric Company (GEC) and the U.S. company Fairchild...

Computers are also likely to ride a recessionary storm, since the industry can plausibly claim that the purchase of extra computing power will lead to cost savings...

IBM will, of course, remain the unshakable word leader—its presently has 60 per cent of installed computing capacity worldwide...

IBM will, of course, remain the unshakable word leader—its presently has 60 per cent of installed computing capacity worldwide...

The following selection includes names of special interest to the business world.

dispersed by their electronic successors.

The consumer electronic market will continue to be dominated by Japanese companies.

The merger between the UK companies Thorn and EML which makes the new company a £2bn sales a year corporation...

The later, designed to replace the big naval Sea King helicopter...

AEROSPACE

Re-equipment by the world's airlines will keep order books full

DESPITE SOARING oil prices, and their inevitable effect in higher fares, air transport worldwide remains a growth industry...

The UK aerospace industry, with full order books for both civil and military aircraft, guided weapons and aero-engines, is now faced through 1980 with the major task of meeting its heavy commitments on time...

At the same time, it is likely that some of the success stories of 1979 will be continued into the coming year. These include the upsurge of sales of the international European Airbus...

At the same time, on the civil side, British Aerospace has had a record year for sales of its HS-125 executive jet aircraft...

For the rest of the industry, Short Brothers and Harland of Belfast, has done well through 1979 with its new 30-seater SD-330 Commuter airliner...

SHIPPING

The recovery in freight rates could be threatened by world recession

THE RAPID recovery in the world's shipping markets in 1979 has been an unexpected one. It has been welcome. Confidence has improved to an extent that the world's shipyards are once again starting to see a healthy flow of new orders.

Over the past 12 months freight rates have more than doubled and the price of second hand ships has soared.

The key question for the shipping industry now is whether it can remain insulated from the general downturn in world trade.

The preliminary evidence suggests that the downturn in 1980 will be less severe than was the case in 1974-75.

Container ships, until recently this side of the business was the most glamorous and one of the most profitable parts—but no longer.

Tankers—these account for nearly two thirds of all shipping tonnage and half of all seaborne trade. The severe overcapacity of the past few years has been eroded by the growing inefficiency of the tanker fleet.

major international collaborative programmes in the UK aerospace industry through the 1980s, further cementing this principle which has now become enshrined in European aerospace development.

taking a growing share of the Europe-Far Eastern traffic and this will continue in 1980.

cent above last year's very depressed rate.

CHEMICALS

Despite lower growth there will be good opportunities in specialty fields

DESPITE threats of a flood of U.S. chemical exports to Europe and rumours of threats from new chemical producers in the Eastern Bloc countries...

The prospects for the heavy end of the chemicals business are undoubtedly grimmer.

These forecasts, which cover producers in the European Economic Community up to 1983, are well down on last year when CEFIC predicted a 5 per cent growth rate for propylene and a 3.75 per cent growth for butadiene.

Meanwhile the UK Chemical Industries Association is predicting a 2 per cent drop in Britain's chemicals output next year, compared to a 1.5 per cent increase during 1979.

Increases of around 20 per cent in the price of naphtha—the chemical industry's most important raw material—now seem highly probable in the first quarter of 1980.

It is very much in line with what is forecast last year.

But Hoechst, which in conjunction with the two other German majors, BASF and Bayer, has had something of a bumper year in 1979, believes its huge pharmaceutical business will grow in the coming year along with its agrochemical operations.

The UK-based Imperial Chemical Industries is also tolerably hopeful about prospects for the coming year.

But Hoechst, which in conjunction with the two other German majors, BASF and Bayer, has had something of a bumper year in 1979, believes its huge pharmaceutical business will grow in the coming year along with its agrochemical operations.

New Year Honours for business and the arts



- List of names and titles for the New Year Honours, including: Kenneth Corfield (Knight), Lord Thebroucroft (CB), E. Roy Sisson (CBE), Peter Prior (CBE), Sir Robert McAlpine (Baron), Richard O'Brien (Knight), Nigel Faulkes (Knight), Austin Bide (Baron), Sir Marcus Sief (Baron), John Sainsbury (Knight), and Sir Kenneth Keith (Baron). Each name is followed by a brief biography or list of honors.

PROSPECTS FOR 1980: Energy

OPEC still calls the tune

By RAY DAFTER, Energy Editor

"I HAVE decided to put on paper an account of what really happened in 1979 - the year the world, as we knew it, fell apart."

WITH those words Paul E. Erdman opened his novel 'The Crash of '79', an almost prophetic tale of Middle East rivalries centred on Iran; an account of how oil production, political power and the worldwide economic system are inextricably linked.

He was wrong. In spite of Iranian troubles, disrupted oil supplies and swinging price increases which applied further pressures to the West's economic system, the developed world in 1979 did not fall apart.

But it shuddered and the shock waves of tight energy supplies, high fuel prices and reduced economic activity are likely to be felt throughout the coming year.

The U.S., the world's biggest oil importer, will be among the worst hit. The OECD reckons that the U.S. will face a decline in its GNP over the next 12 months of 1.25 per cent.

On my reading of the evidence, the private economy has been showing remarkable strength. Why then did 35 of 40 consensus forecasters predict a real decline of U.S. gross national product in 1980? Why do I put the recession odds on that outcome?

The recession we expect will have written on its horizon. Made in Washington, on November 1 1978, to defend the plummeting American dollar, President Carter promised the world an American recession.

Why has it taken so long for Washington to produce its desired recession? Aside from the mentioned strength in the private economy the reasons I detect have to do with the technical mechanism by which monetary control works.

Those of us who are not monetarists, realise that there is no automatic magic relationship between the supply of M and the nominal gross national product. In the past when the Federal Reserve clamped down on M, that raised competitive

OIL IMPORT TARGETS table with columns for 1980 and 1985, sub-columns for m. tonnes and m. barrels a day, and rows for various countries including Australia, Austria, Belgium, Canada, Denmark, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, UK, and U.S.

WORLD PRIMARY ENERGY CONSUMPTION* table with columns for years 1969, 1970, 1977, 1978, 1979†, and 1980‡, and rows for Oil, Natural Gas, Coal, Nuclear power, and Total.

and business fixed investment. New car sales might be pushed down by a further 300,000, in addition to the decline expected before the latest round of oil price rises; it is expected that only 9.4m new cars will be sold in the U.S. in 1980 as against 10.6m in the past year.

No-one knows how oil prices will move next year. Libya intends to raise the average price tomorrow to \$34.50 a barrel, and the other Africans may soon follow.

Stock levels are indeed at record heights but it is usual, during the first quarter for there to be a drawing down of this oil store in order to meet seasonal demand. This year was exceptional in view of the Iranian troubles and during the first three months stock levels were reduced at the rate of 6.2m barrels a day.

and his co-workers. It is typical of present day informed opinion but is of special interest because Professor Klein is a bit more pessimistic than the crowd about probable future U.S. inflation and unemployment.

FORECAST FROM WHARTON MODEL table with columns for 1st, 2nd, 3rd, and 4th quarters, and rows for GNP (real), Consumer Price Index, M1, Profit Growth, Unemployment rate, Short term interest rates, and Long term interest rates.

"marker," is now costing between \$28.50 and \$45 a barrel, depending on whether the crude is exported on a contract basis, through the spot market, or through Iran's specially conceived "administered spot" market.

With African crudes about to rise above \$30 a barrel, British oil producers are sucked into the pricing spiral. North Sea crudes are priced competitively with those of the African producers, the UK (like Norway) has resisted pressure from importing countries in western Europe to charge lower prices.

That should provide some comfort for the British Government, faced with a declining GNP next year. At \$30 a barrel Government revenues from the North Sea will be some £2.5bn in 1980 and \$5bn in 1981 as against £2.2bn and £3.3bn respectively with a price of \$25 a barrel.

However, Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, believes there is a real chance of some of the more extravagant prices being reduced in the New Year as a result of a possible glut in oil supplies.

Unfortunately, the IEA's room for manoeuvre is restricted by the legacy of past energy policies. Quite simply the developed countries have relied too much and for too long on oil meeting the bulk of their energy needs.

Consequently, coal consumption is unlikely to rise above this year's estimated level of 850m tonnes of oil equivalent - an increase of a mere 1.8 per cent above consumption in 1968.

Natural gas should be able to meet a slightly increased proportion of world energy demand again next year although the price of supplies will be firmly linked to that of oil.

The oil industry will be expected to supply over half of the world's energy next year as it has done over the past decade. Members of OPEC will supply some 55 per cent of the non-Communist world's oil and will continue to have a decisive influence on the overall price level of oil in particular and energy in general.

continue producing oil at its enhanced level of 9.5m b/d. The Kingdom has recently demonstrated that it could, if necessary, sustain an output of around 10.2m b/d.

Could this be a hint that Saudi Arabia would be prepared to offset a radical reduction in supplies by other OPEC members? Iran has indicated that it will reduce its output next year. However, in the few days before Christmas Iran's production level was running at between 3.7m b/d and 3.9m b/d - considerably higher than earlier in the month - even though it was in supply negotiations with major oil companies like British Petroleum and Shell.

Lower economic activity within the OECD countries should reduce the level of oil demand next year. Latest industry estimates suggest that non-Communist countries will require between 51m and 53m b/d during the past 12 months.

Energy Ministers from the 20 main oil consuming countries have agreed to reduce even further their national import targets for 1980 and 1985. Under the umbrella of the International Energy Agency the ministers met just before the OPEC summit and agreed to hold next year's imports at no more than 23.1m b/d, plus 1.4m b/d of bunker oil (used in tankers transporting the crude from producing countries). This level is roughly equivalent to 1979 imports.

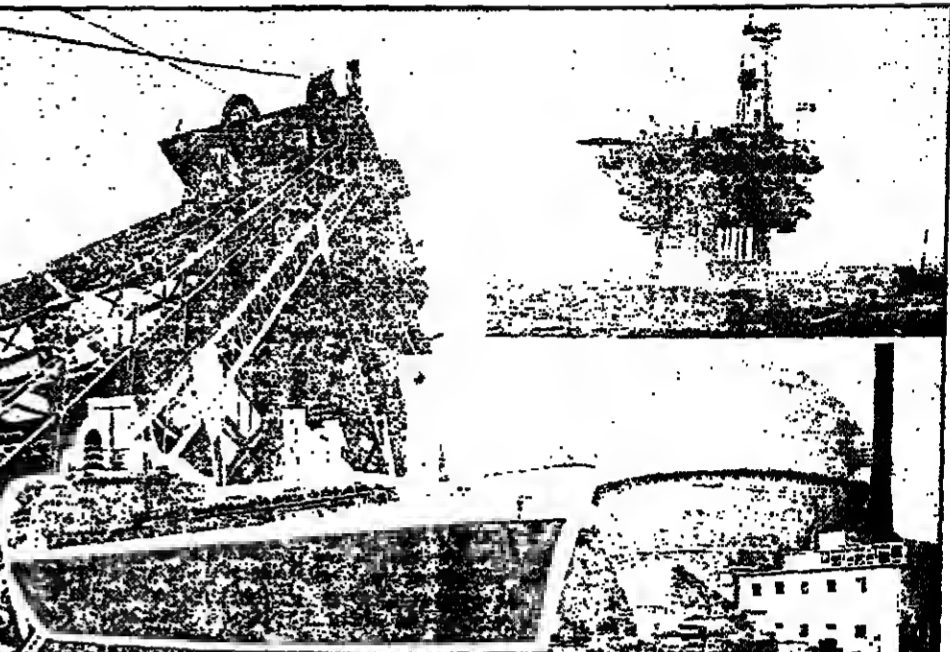
The group lowered its 1985 target from the 26m b/d level, set in March this year, to 24.6m b/d, plus bunkers. The U.S., which has always been criticised as being a profligate oil user (its per capita consumption is well over twice that in western Europe and over five times that in the world as a whole) had asked for even tougher limits.

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If, as Sheikh Yamani thinks, there will be more than enough oil to go around, many of the supply and pricing problems which appeared in 1979 could begin to ease in the coming months. On the other hand, if there is further disruption in Iran or, worse still, major political and industrial disruption in Saudi Arabia, the energy supply picture could become even more chaotic. It is to be hoped that Paul Erdman, in his 'Crash of '79' was wrong and not just premature.



other forms of energy. Only now, in the wake of the second oil crisis of the 1970s, is the lesson being learned that it can take a decade or more to plan, build and commission a major energy project. And even this can be prolonged by environmental assessments, political warring, and the due process of public consultation.

Hence there is little hope of the coal industry being able to help over any energy shortfall in the next 12 months, or the next few years for that matter. Neither producers nor consumers are geared up for a major coal expansion in the short-term.

Consequently, coal consumption is unlikely to rise above this year's estimated level of 850m tonnes of oil equivalent - an increase of a mere 1.8 per cent above consumption in 1968.

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The 'Crash of '79' by Paul E. Erdman, copyright 1979 by Dreyfus Chan International and published in Great Britain by Martin Secker and Warburg Ltd., 1979, and Sphere Books Ltd., 1977.

The United States

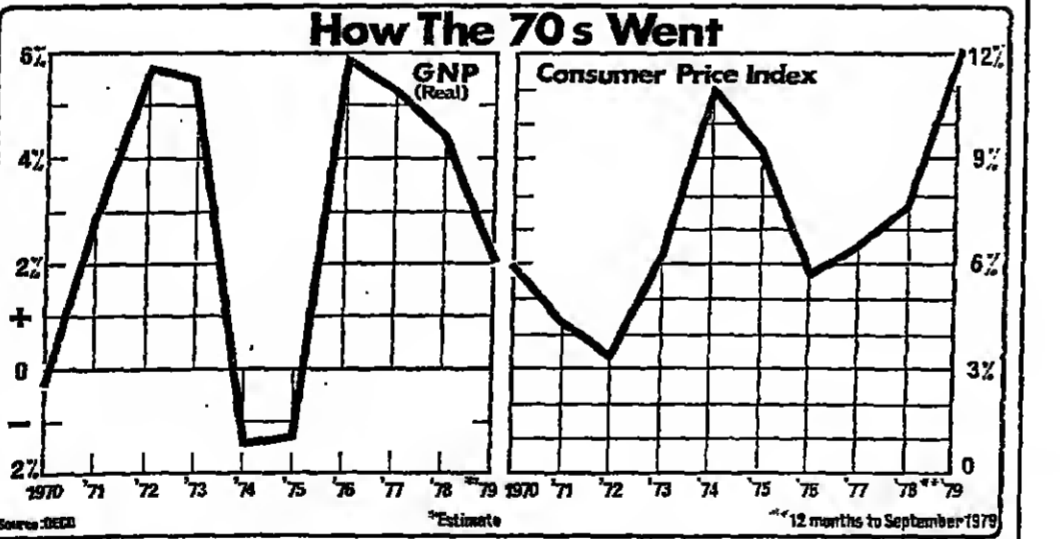
Recession to order

BY PROFESSOR PAUL SAMUELSON

MOST AMERICAN experts now take the view that 1980 will be a year of mild recession.

I began my Financial Times forecast 12 months ago with precisely these words except that 1979 appeared instead of 1980. We should not know for another year whether the economic history book will declare 1979 to have been a year of genuine American recession.

Why has it taken so long for Washington to produce its desired recession? Aside from the mentioned strength in the private economy the reasons I detect have to do with the technical mechanism by which monetary control works.



interest rates. In the past there were all sort of regulated ceilings on the interest rates that mortgage lenders could charge and bank depositors could receive. Inadvertently, this produced a strong rationing device to throttle down on residential housing construction.

So, I should expect 1980 to be a year of deceleration of real growth in Japan and Western Europe. This ought to moderate the explosive manufacturing growth in South Korea, Taiwan, Singapore, Hong Kong, Malaysia, and the Philippines.

Avon Overseas Capital Corporation

6 1/2% Guaranteed Bonds Due 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 1, 1966 under which the above described bonds were issued, First National City Bank (now Citibank, N.A.), as Trustee, has drawn by lot for redemption on February 1, 1980 ("sinking fund redemption date"), through the operation of the sinking fund provided for in the said Indenture, \$1,500,000 principal amount of Bonds of the said issue of the following distinctive numbers:

A large table listing coupon bonds with columns for coupon rate, principal amount, and distinctive numbers. The table is organized into sections for 6 1/2% and 7% bonds.

The Bonds specified above, are to be redeemed for the said sinking fund at Citibank, N.A., 111 Wall Street, 2nd Floor - Bond Windows, in the Borough of Manhattan, The City of New York, or at the main office of Citibank, N.A., in London (Citibank House), Amsterdam, Paris, Frankfurt, Milan, Brussels, and Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg in Luxembourg, as the Company's paying agents, and will become due and payable on February 1, 1980 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Bonds will cease to accrue. After the redemption date there will remain outstanding \$1,500,000 principal amount of Bonds.

The following Bonds previously called for redemption have not as yet been presented for payment:

News analysis—Aero-engine prospects and problems

£4bn orders in R-R bag

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the state-owned aero-engine manufacturer, is moving into 1980 with the biggest order book in its history—worth about £4bn in both direct orders and related spares business through the 1980s.

Over the past two weeks, the company has logged new orders worth £140m for its RB-211 engines in Lockheed TriStars and Boeing 747 Jumbo jets, bringing the total inflow of new business in 1979 to about £1m.

The task facing Sir Frank McFadden, the new chairman who succeeded Sir Kenneth Keith who has guided the company for the past seven years, will be to ensure that this massive order book is met on time, on cost and on specification.

Sir Kenneth has made no secret in recent months of the company's need to improve its productivity to meet the tough delivery targets set by its customers world-wide.

The company's expectation is that if it can do that, its order book will expand substantially in the years ahead. Even assuming that current fuel prices rise and economic difficulties may slow the rate of air traffic growth and thus the rate of re-equipment by the airlines, there is still expected to be a demand for upwards of 3,500 new aircraft between now and the mid-1980s.

This is based on the fact that existing aircraft are ageing (many have been in service for nearly 20 years), are fuel-thirsty (they are based on technology that substantially predates today's fuel prices), and are unacceptably noisy from the environmental viewpoint.

That such a "re-equipment tide" is now flowing is shown by the fact that in the two years since January 1, 1978, no fewer than 1,700 new jet airliners of various kinds have been ordered world-wide, and that if options

are also included, the figure is closer to 2,000. Rolls-Royce has already picked up a sizeable share of this with its RB-211 engine in its various versions in the Lockheed TriStar, the Boeing 747 Jumbo jet, and the new Boeing 737 twin-engine short-to-medium haul jet, and hopes to win much more.

The total market for civil aero-engines of all kinds world-wide through the 1980s is estimated at not less than £15bn, representing about one-third of the £45bn that is likely to be spent on the 3,500 airliners already mentioned. Of this, Rolls-Royce's target is to win anything up to one-third, or about £5bn worth of civil engines.

More difficult The military field is much more difficult to quantify, but it has been estimated that total demand for combat aircraft of all kinds world-wide could be even greater than that for civil airliners, as existing programmes and planned new types of aircraft come to fruition.

With a potential market of about £90bn world-wide, the engine component would again account for about one-third, or £30bn. Rolls-Royce believes that even if it picks up only 20 per cent of that, or about £6bn, it will be doing well. Aircraft in which it already has a sizeable market share include the Anglo-West German-Italian Tornado multi-role combat aircraft, while new types planned for which it must be considered a major engine contender include the possible Anglo-West German-French-Italian tactical combat aircraft based on the UK's AST-403 and the West German TR7 design studies.

Thus, the cumulative engine market at which Rolls-Royce is aiming for the 1980s and beyond is in the region of £1bn. The eventual figure, however, could

vary substantially. Any engine manufacturer has only to lose one competitive battle in either the civil or military aircraft field to be out of a market worth many hundreds of millions of pounds over the in-service life of the aircraft concerned.

The company's long-term strategy in the civil field envisages an investment of over £400m over the early to mid-1980s in both existing and new civil engines. Of this sum, about £200m will be borrowed from the private sector—approval for the company to do this was announced by the Government just before Christmas—while the remainder will come from equity and loan capital, provided directly by the Government.

The programme includes two distinct series of power-plants. The first is the continued development of the RB-211 family in all its versions to meet increasing sales of Lockheed TriStars, Boeing 747 Jumbo jets and now, it is hoped, also the new Boeing 737 twin-engine short-to-medium range jet, for which Rolls-Royce has the launch orders from British Airways and Eastern in the U.S. with its Dash 535 variant of the RB-211.

The cash involved in these developments is probably around £250m, of which undoubtedly the bulk is accounted for by the Dash 535. Although a derivative of the RB-211, the Dash 535 is in effect a new engine, requiring substantial development in its own right, and thus also substantial development cash before production deliveries to Boeing begin in 1981.

Another version of the RB-211 is under development in the European Airbus, but so far there have been no customers for that airframe-engine combination.

The second series of civil power-plants that will require substantial cash is the new RB-432 engine of 18,000 lb thrust for any new generation of short-to-medium range airliners that may emerge in the new years, and the RB-401, a smaller engine of about 5,300 lb thrust for the next generation of business jets and light military aircraft.

Rolls-Royce has announced a major agreement to develop the RB-432 jointly with the Japanese aero-engine industry (Ishikawa-Harima Heavy Industries, Kawasaki Heavy Industries and Mitsubishi Heavy Industries) on a 30-50 basis.

This agreement is a vital step towards winning UK Government financial support for the engine, for it is clear that Rolls-Royce cannot finance all its £150m share of the £300m likely to be involved from its own resources.

But the UK Government has made it clear that its financial support will be dependent upon winning markets for the new engine, and finding these must be one of Rolls-Royce's major tasks in the coming year.

It is significant that potential airframe users of the engine—Fokker of Holland with its projected F-29 airliner, and Airbus Industrie with a possible 120-

160 seater jet airliner—have both also been discussing collaboration with Japan.

Another potential market for the RB-432 that could emerge is from Boeing, which sees the engine as a possible powerplant for any derivative of its highly successful 737 jet airliner in the 120-160 seater airliner battle that seems likely to emerge in the early 1980s.

Boeing has been pressing Rolls-Royce hard to start the RB-432, but has not yet firmly committed itself to adopting the engine.

But Rolls-Royce faces bitter and intensifying competition from its main rivals—General Electric and Pratt & Whitney of the U.S., and CFM International (the Franco-U.S. consortium comprising Snecma and General Electric) on the Continent.

Collectively, these companies have power-plants that cover virtually the entire spectrum of civil aero-engine development, so that wherever Rolls-Royce turns, it will find a tough competitor confronting it.

General Electric, with the CF6 series, and Pratt & Whitney with its JT9D engine series and now also its JT10D, can compete with Rolls-Royce in most RB-211 markets, while CFM International, with versions of its CFM56, can compete with both the Dash 535 and RB-432.

But big problem currently facing Rolls-Royce is not so much finding markets for new engines, but ensuring that it meets existing contractual commitments, something that will strain its resources considerably, especially if orders continue to rise. The company is already several weeks behind schedule with the Dash 535 engine, and cannot afford any repetition of the recent engineering crises which forced it to shut down temporarily, so throwing many programmes out of gear.

Opportunities But this does not mean that the company can afford to ignore new market opportunities while it is struggling to meet existing commitments. It has been stressed repeatedly by the company that aero-engine development is a continuing, long-term business, and that the substantial cash returns only materialise after many years of development.

Moreover, if at any time the company drops out of a specific market, either for lack of development cash or deliberate policy reasons, there is no way it can get back into that market in the future. The other aero-engine manufacturers are waiting to jump in and mop up any area of activity that Rolls-Royce leaves vacant. Moreover, if the UK wants to remain in the big league of engine manufacturers, it must be prepared to cover the entire spectrum of such activity, for one type of engine development cross-fertilises another.

The Dash 535 could never have been done without the earlier work on the RB-211, and the new RB-401/RB-432 series although new engines, owe much to the RB-211 also. The stakes in aero-engine development are high, and the investment periods long, but the rewards for success can be substantial, too.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Table with multiple columns listing company names, share prices, and financial data. Includes sections for 'COMPANY TODAY', 'DIVIDEND & INTEREST PAYMENTS', and 'BOARD MEETINGS'.

Citicorp Overseas Finance Corporation Limited. Guaranteed Floating Rate Notes Due 1984. Unconditionally guaranteed by CITICORP.

M. J. H. Nightingale & Co. Limited. Table with columns: 000's, Company, Last Change, Gross price on week, Yield, P/E.

FINANCE FOR INDUSTRY TERM DEPOSITS. Table with columns: Deposits of £1,000-£50,000, Interest paid gross, half-yearly, Rates for deposits received out later than 4.1.80.

ELECTRICITE DE FRANCE. Dfs. 50,000,000. TERM LOAN. GUARANTEED BY THE REPUBLIC OF FRANCE. Arranged and provided by NMB BANK.

Pollution is worse for drivers than cyclists

THE city businessman, in his air-conditioned limousine in a traffic jam, suffers more from carbon monoxide than the cyclist riding through the thick of the exhaust fumes.

That was what Dr. Ronald Williams, of Chelsea, found when he acted as "guinea-pig" in an exhaust fume experiment to find out if the fumes were as dangerous for cyclists as claimed.

Dr. Williams said: "An otherwise excellent American book on cycling says that breathing in the air of city streets for a day gives as much pollution poison as smoking two

packs of cigarettes. I thought that was nonsense. So did Professor Lawber, the air pollution authority at Bart's Hospital."

The two medical men decided to test the claim. Dr. Williams, who was converted some years ago to making his calls by bicycle, set off through the thick of the traffic to Bart's.

Smoking two packs of cigarettes can produce 14 per cent while a non-smoking taxi driver, driving in city streets all day, might have 2.5 per cent and a commuting car driver 0.8 to 0.9 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange.

Table with columns: Company Name, Meeting Date. Includes companies like Anglo Investment Trust, Imray, and English China Clay.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times: Firth (G.M.) (Metals) (Section: Engineering), Glasgow Railway (Leisure), Harrogate Energy (Overseas—Australia), Hill (Tom) Holdings (Leisure), Link News Publication (News-papers), Santos Limited (Oil and Gas).



INVESTMENT CORPORATION OF PAKISTAN

(Trustees State Enterprise Mutual Funds) ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A'

OFFER FOR SALE

2,00,00,000 extendable to 2,80,00,000 ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A' CERTIFICATES of the par value of Rs. 10/- each payable at the par value thereof in cash in full on application.

Consent of Controller of Capital Issues has also been obtained to issue an additional 20,00,000 certificates of the par value of Rs. 10/- each amounting to Rs. 2,00,00,000/- to be made available exclusively for allotment to resident Pakistanis in case the entire issue of Rs. 28,00,00,000 is subscribed in full by non-resident Pakistanis and existing mutual fund holders.

THE SUBSCRIPTION LIST FOR 2,00,00,000 extendable to 2,80,00,000 ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A' CERTIFICATES WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY THE SEVENTH JANUARY 1980 AND AFTER REMAINING ON TAP FOR A PERIOD OF THIRTY-ONE DAYS WILL CLOSE AT THE CLOSE OF BANKING HOURS ON WEDNESDAY THE SIXTH FEBRUARY 1980

PART I

CONDITIONS OF OFFER AND BASIS OF ALLOTMENT

- (a) Applications may be made by Pakistani Nationals residing in as well as outside Pakistan. (b) Applications may be made for one hundred Certificates and in multiples of one hundred certificates but not less than one hundred certificates. (c) The Certificates shall be allotted in the following Order of Preference: (a) Applications of hundred certificates and more from non-resident Pakistanis accompanied by subscription in foreign currency will be accommodated fully. (b) Any Fund capital left after allotment to non-resident Pakistanis will be made available to existing ICP Mutual Fund Certificate Holders in the proportion of 100 Certificates of ICP (State Enterprise) Mutual Fund Series 'A' of the nominal value of Rs 10/- each against every nominal investment in the multiples of Rs 1000/- in any one or more of the First to Twelfth ICP Mutual Funds, subject to the provision that any Certificate holder who has an investment of less than Rs 1000/- shall be allotted certificates of the minimum nominal value of Rs 1000/- (e.g. an investment of up to Rs 1000/- will qualify for allotment of 100 certificates, investments from Rs 1100/- to Rs 2000/- shall be entitled to 100 certificates but investment of Rs 2000/- shall be entitled for allotment of 200 certificates and so on).

PART II THE ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A'

- 1. The ICP (State Enterprise) Mutual Fund Series 'A' of Rs 20,00,00,000/- divided into 2,00,00,000 Certificates of the par value of Rs 10/- each, up to Rs 28,00,00,000/- extendable to 2,80,00,000 Certificates of Rs 10/- each, has been established by Investment Corporation of Pakistan under Clauses 18) and 14 (e) of Section 23 of the ICP Ordinance (No. IV of 1966) and Regulations 30-A and 30-B of the ICP (General) Regulations. All Certificates carry equal rights to receive the net profits accruing to the ICP (State Enterprise) Mutual Fund Series 'A' and all accretions to it by way of bonus shares and right shares acquired in respect of securities constituting the Fund. No Certificate has priority or preference over the other. Each holder of a Certificate shall be deemed to have an undivided and impartible beneficial ownership in the assets of the ICP (State Enterprise) Mutual Fund Series 'A' in proportion to the number of Certificates held by him and registered in his name in the ICP (State Enterprise) Mutual Fund Series 'A' Certificate Holders Register. The Certificates shall be acquired, held and transferred subject to the provisions of the ICP Ordinance, 1966 and all Rules and Regulations from time to time framed under it and as may be amended. 2. The ICP (State Enterprise) Mutual Fund Series 'A' Certificates shall be quasi closed-end Securities. They will be listed on Stock Exchanges at Karachi and Lahore. A certificate of the ICP (State Enterprise) Mutual Fund Series 'A' is a movable property, freely transferable in Pakistan as well as outside Pakistan in the usual common form, subject to restrictions imposed herein, by an instrument in writing signed by the transferor and the transferee. 3. The Fund is being established with a view to provide opportunity to resident and non-resident Pakistanis to share the growth and profits of some of the highly profitable nationalized/taken-over companies. The portfolio of the fund consists of some of the good scrips of taken-over companies acquired from the Government at a much lower rate as compared to the market value of these shares. In designing the portfolio, extreme care has been taken to include only those companies whose past dividend record is satisfactory and which show potentials of good returns in future. Due to lower transfer prices paid by the Corporation in acquiring the shares from the Government, an immediate gain is accruing to the Fund in the form of unrealised appreciation of 53% over the market price of the fund portfolio. However, since the intention of the government is to retain the control of the state enterprises and at the same time it wants the investing public to participate gainfully in the economic development of the country, the Corporation has given this undertaking to the government, that at any point of time, the controlling interest (51%) of the government in these enterprises will not be disturbed by the Corporation. However, the Corporation will have the freedom to roll over the portfolio which is in excess of the controlling interest mentioned above. There is no restriction on sale of shares to various financial institutions. On the basis of past performance and yield of the securities included in the fund, it is expected that the Certificate holders shall be receiving a reasonable return in the form of dividend. If in any one year the distributable income of the Fund is less than 15%, the Government shall reimburse ICP for any shortfall between the expenses and the dividend yield which inhibits the Corporation from giving a minimum dividend of 15% subject to a maximum of 25% of the original size of the Fund. The management of the fund portfolio shall be handled in such a manner that the investments of the Fund will not contain any element of interest in its income. The following is the brief description of the Securities included in the Fund: 4. The following tax and other benefits are available for investment in the ICP (State Enterprise) Mutual Fund Series 'A' Certificates: (a) Investment in Certificates would qualify for tax exemption under Section 41 of the new Income Tax Ordinance, 1979. (b) No holding period will be required to claim tax rebate under the new Income Tax Ordinance, 1979. (c) The SEMF Certificates have been declared approved investment under Section 23(A) of the said Insurance Act. (d) Dividend income will be repatriable in foreign exchange to non-resident Pakistani Certificate holders. This facility will cease on his change of residence to Pakistan. (e) The dividend income accruing to non-resident Pakistanis will be exempt from deduction of standard rate of 30% income tax. 5. Subject to the provisions of the ICP Ordinance, Regulations 30-A and 30-B of the ICP (General) Regulations and any other law for the time being in force or any order of the Federal Government, the Fund is expected to continue without limitation of time. The Corporation, however, reserve the right, subject to the discretion of the Federal Government, to determine that the Fund should be discontinued in the best interest of the Certificate holders, in which case the Corporation shall first ensure that the liabilities of the Fund, if any, are paid or satisfied, and will then distribute at one time or from time to time the assets of the Fund to the Registered Certificate holders either in cash or in kind, or partly in cash and partly in kind, provided that all distributions as of any one date shall be made on the same basis. 6. In the event of winding up the Corporation, the assets belonging to the ICP (State Enterprise) Mutual Fund Series 'A' shall not be treated as the assets of the Corporation.

PART III MANAGEMENT OF THE ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A'

The Management of the ICP (State Enterprise) Mutual Fund Series 'A' shall vest in the Investment Corporation of

STATE ENTERPRISE MUTUAL FUND

(Rs 280 million)

Table with columns: Name of Company, Per Share, Paid-up Capital, No. of Shares, Break-up Value, Market Price, Last Dividend, etc. Lists companies like Burma Oil, Wapra, National Motors, etc.

Pakistan or in a subsidiary company or agency set-up by ICP as trustees of State Enterprise Mutual Funds.

- 1) INVESTMENT CORPORATION OF PAKISTAN (a) Investment Corporation of Pakistan was established on February 22, 1966 under the Investment Corporation of Pakistan Ordinance (No. IV of 1966) having its head office at Karachi. It is a body corporate having perpetual succession and a common seal, and is subject to the provisions of the ordinance, to acquire, hold and dispose of any property and could, by its name sue and be sued. (b) The objects for which the Corporation has been established are, inter alia, to encourage and broaden the base of investments and develop the capital market in Pakistan and provide for all matters connected therewith. (c) The authorised share capital of the Corporation is Rs 20,00,00,000 divided into 20,00,000 ordinary shares of Rs 1000/- each and its paid-up capital at present is Rs 10,00,00,000. (d) The general direction and superintendence of the affairs and business of the Corporation are vested in a Board of Directors presently constituted as follows:—

BOARD OF DIRECTORS

Table with columns: Sl No, Name, Address. Lists directors like Mr. Akhtar Husain, Mr. D. M. Qureshi, Mr. Abad-Ullah Akmal, etc.

(III) MANAGEMENT OF FUND

- (a) The securities to be called the "Fund Security" constituting the ICP (State Enterprise) Mutual Fund Series 'A' shall be or continue to be registered in the name of Investment Corporation of Pakistan in the respective books of institutions issuing the securities. (b) The Fund securities shall be retained and held by Investment Corporation of Pakistan for the benefit of the ICP (State Enterprise) Mutual Fund Series 'A' Certificate holders (to be called Certificate Holders). (c) There shall be maintained by ICP a Register of Certificate holders of the ICP (State Enterprise) Mutual Fund Series 'A'. Only Certificate holders registered in the said Register shall be deemed to be owners thereof. (d) The Investment Corporation of Pakistan will be entitled to collect all dividends, bonus shares and other accretions and income in respect of the Fund securities and deal with and act in respect of the Fund securities as holder of such securities without reference to the Certificate holders. The interest of the Certificate holders would, however, be looked after by the Corporation in its capacity as Trustees of the Fund. (e) The Investment Corporation of Pakistan shall keep separate books of accounts relating to the income and expenditure of and connected with the ICP (State Enterprise) Mutual Fund Series 'A'. The said books of account shall be open to inspection only by the Directors of the Investment Corporation of Pakistan and the Investment Corporation of Pakistan shall not be accountable to anyone except to its Board of Directors in respect of the income, and expenditure relating to the ICP (State Enterprise) Mutual Fund Series 'A'. (f) The accounting records of the ICP (State Enterprise) Mutual Fund Series 'A' will be kept on the basis of fiscal year ending on the last day of June each calendar year. The first accounting year of the SEMF will end on 30-6-1981. The Fund may declare interim dividends before the close of the accounting year. (g) At least once in every year the accounting records of the ICP (State Enterprise) Mutual Fund Series 'A' will be audited by such Auditors as may be appointed by the Board of Directors of the Investment Corporation of Pakistan. The fees of the auditors will be charged against and payable out of the income of the said Fund. As promptly as may be after each audit, the Corporation shall transmit to all registered certificate holders a suitable report, based on such audit, containing such financial statements and other information as may be determined by the Board. (h) The net income and net capital gains realised in respect of the ICP (State Enterprise) Mutual Fund Series 'A' will be distributed at least once in every year to the

registered certificate holders in proportion to the number of certificates held by them.

- (i) From time to time when it appears expedient and in the interest of the certificate-holders as determined by the Corporation in its sole discretion, to substitute any of the Fund securities by other securities, the Corporation shall be competent to do so, in which case the newly added securities will form part of the ICP (State Enterprise) Mutual Fund Series 'A' portfolio. (ii) The Corporation will maintain continuous investment supervision, not inconsistent with the investment objective, to determine what securities are to be purchased or sold for the Fund in case of need, and will analyse transactions for the Fund accordingly. Capital expenses arising in connection with the organisation and sale of the Fund, including registration and qualification expenses under the law, the rules of Stock Exchanges and other applicable regulatory requirements (including the cost of printing, publication and distribution of this Offer for Sale) will be reimbursed to the Investment Corporation of Pakistan by the Fund, out of income, over five years or earlier, following its establishment. The cost of independent professional services and administrative and establishment expenses (other than in connection with the organisation of the Fund) will be treated as current expenses of the Fund. The Investment Corporation of Pakistan will furnish office space, custodial, and managerial services to the Fund and charge a management fee of the rate of 2% per annum of the fund capital of the ICP (State Enterprise) Mutual Fund Series 'A'. (iii) The Investment Corporation of Pakistan shall be competent to do all other acts which, in its opinion, may be necessary to prosecute the interests of the Certificate holders based on the investment climate in Pakistan and the condition of the capital market and as may be warranted by commercial considerations. (iv) The term "Investment Corporation of Pakistan" and the "Corporation" shall include any subsidiary company or agency set-up by ICP, and the issue and holding of ICP (State Enterprise) Mutual Fund Series 'A' and holding Fund share-holdings. (v) As provided in the Investment Corporation of Pakistan (Amendment) Ordinance, 1971, the Corporation shall be and act as trustees in respect of ICP (State Enterprise) Mutual Fund Series 'A' and issue and manage the Funds accordingly.

PART IV APPLICATION FOR SUBSCRIPTION

(I) INSTRUCTIONS

- 1. Name and address must be written in full, in block letters, in English and should not be abbreviated. 2. Application must be made on the Corporation's printed form, a specimen of which is set out at the end. 3. Application must not be for less than one hundred certificates, that is to say the nominal value of Rs 1000 and must be in multiples of 100 certificates. 4. Copies of the Offer for Sale and application forms can be obtained from the members of the Karachi Stock Exchange Limited, the Lahore Stock Exchange Limited, the Bankers to the Issue and their branches within and outside Pakistan, the Investment Corporation of Pakistan at Karachi, Lahore, Rawalpindi, Peshawar, Quetta, Faisalabad, Multan and Hyderabad and Pakistan Investment Information Centre, London. 5. Remittance for the full amount of certificates must accompany each application and should be forwarded to any one of the Bankers to the Issue or other authorised banks and agents in this behalf. Remittance should be in the form of cheque or draft drawn payable to one of the Bankers to the Issue account ICP (State Enterprise) Mutual Fund Series 'A' and crossed "A/c Payee only" and must be drawn on a bank in the same country as the bank to which the application form has been sent. Non-resident Pakistanis residing abroad are allowed to deposit the subscription money in cash in any branch of the Bankers to the Issue. Foreign nationals residing in Pakistan may make an application in accordance with the Pakistan Exchange Control Regulations. 6. Applications should be made by or on behalf of minors, persons of unsound mind or firms or trusts. Applications made by companies and bodies corporate must be accompanied by a copy of their Memorandum and Articles of Association or equivalent instrument. Where applications are made by virtue of power of attorney, the power of attorney must be lodged with the application. 7. Joint Applications by more than four persons will not be accepted. In the case of joint application each person must sign the application form. The allotment letter will be despatched to the person whose name appears first on the application form though the bank where the application is tendered or by post and where any amount is refundable, in whole or in part, the same will be refunded by cheque and by post to the person named first on the application form without interest or through the bank where the application is tendered. 8. Bankers are not allowed to make applications for ICP (State Enterprise) Mutual Fund Series 'A' Certificates of the value of Rs 1000/- an account of their constituents except in the case of Pakistanis residing abroad. Such applications will be made by the subscriber himself, complete in all respects and shall be certified by the Investment Manager as provided in the application form. Allotment letters in respect of such applications shall be issued in the name of the applicant and sent to the postal address stated by the applicant or to the bank through which the application is tendered. These shall not be issued in the name of the bankers. 9. Applications for ICP (State Enterprise) Mutual Fund Series 'A' Certificates above the value of Rs 1000/- may be made by bank on behalf of their constituents but must contain all the information in respect of each constituent on the application form. All such applications made by banks must also be certified by the Bank Manager concerned as provided in the application form. Allotment letters in respect of such applications will be made in the name of banks on account of the constituents and the relevant allotment letters, certificates and orders to refund will be sent to the bank concerned. 10. No receipt will be issued for payment made with the application but an acknowledgment will be forwarded in due course either by letter of allotment in whole or in part or by refund of the money paid with the application except in case of non-resident Pakistani investors who may ask for a receipt from the bank against cash payment. The Bankers to the Issue will issue provisional acknowledgement for applications lodged with them. 11. It would be permissible for a bank to refund subscription money to unsuccessful applicants having accounts in that bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should not, therefore, fail to give their bank account numbers. 12. Allotment shall be made in accordance with the procedure laid down in part I of this Offer for Sale or as directed by the Controller of Capital Issues. 13. Applications which do not meet with the above requirements or applications which are incomplete shall be liable to be rejected. 14. In case of applications made by a banker or a recognised Stock Exchange Broker, the banker or the broker shall obtain the certificate(s) from the applicant(s) in terms of paragraph 3 of the application form and forward the same in duplicate to the Corporation. 15. Making of any false statement in the application or wilfully

- 16. The Corporation will pay a brokerage at the rate of 1% to the members of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited or other authorised agents on the applications which have received allotment of certificates of ICP (State Enterprise) Mutual Fund Series 'A'. 17. The bankers in the issue shall be paid a Commission of 1/10th of one per cent on the successful applications, eligible for allotment of certificates of SEMF, on actual allotments in connection with this issue. 18. Scrutiny will be restricted to successful applications only. Failure to adhere to above requirements may result in post allotment rejection of successful applications. 19. The successful applicants will collect their letters of allotment from the branch of the Bank through which their applications were tendered. A press announcement to this effect will be made by the Corporation.

(III) BANKERS TO THE ISSUE IN PAKISTAN

- 1. National Bank of Pakistan 2. Habib Bank Limited 3. United Bank Limited 4. Muslim Commercial Bank Limited 5. Allied Bank of Pakistan Limited 6. Citibank N.A. 7. Bank of America N.T. & S.A. 8. American Express International Banking Corporation

(IV) BANKERS TO THE ISSUE OUTSIDE PAKISTAN

- 1. National Bank of Pakistan 2. Habib Bank Limited 3. United Bank Limited 4. Allied Bank of Pakistan Limited 5. Citibank N.A. 6. Bank Al-Jazira, Saudi Arabia 7. Middle East Bank, Dubai.

Investment Corporation of Pakistan ICP (STATE ENTERPRISE) MUTUAL FUND SERIES 'A'

APPLICATION FORM (FOR OVERSEAS PAKISTANIS) (To be filled in duplicate)

Application form with sections: THE DIRECTORS, INVESTMENT CORPORATION OF PAKISTAN, BROKER'S STAMP, BROKER'S CODE, BANK STAMP, BANK CODE, BRANCH CODE, BANK SERIAL NO., No. of certificates applied for, OPTION TO RECEIVE DIVIDEND IN PAKI FOREIGN CURRENCY, PAK Currency, Tick one, Foreign Currency, Name the currency below, SIGNATURES, (a) Name in Full, (b) Name in Full, (c) Name in Full, (d) Name in Full, (TO BE FILLED IN BY THE APPLICANT'S BANK), SPECIMEN SIGNATURE OF APPLICANT(S) OR OF THE BANKER OR BROKER ON BEHALF OF THE APPLICANT(S), Name in Block Letters, Specimen Signature, Banker's provisional acknowledgement for Application for certificates of ICP (State Enterprise) Mutual Fund Series 'A', Received from Application for Certificates of Rs. 10/- each, Name of Bank, Branch No., Serial No., Signature and rubber stamp of receiving bank.

Companies and Markets

WORLD STOCK MARKETS

NEW YORK

Table of New York stock market data including 1979 and Dec 28 prices for various companies like Columbia Gas, Amstar, and IBM.

1979

Table of 1979 stock market data for various companies including Amstar, IBM, and others.

1979

Table of 1979 stock market data for various companies including Amstar, IBM, and others.

CANADA

Table of Canadian stock market data for various companies including Amstar, IBM, and others.

HOLLAND

Table of Dutch stock market data for various companies including Amstar, IBM, and others.

JAPAN

Table of Japanese stock market data for various companies including Amstar, IBM, and others.

INDICES

Table of various stock indices including Dow Jones, S&P 500, and others.

NEW YORK

Table of New York stock market data for various companies.

1979

Table of 1979 stock market data for various companies.

CANADA

Table of Canadian stock market data for various companies.

HOLLAND

Table of Dutch stock market data for various companies.

JAPAN

Table of Japanese stock market data for various companies.

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HOLLAND

Table of Dutch stock market data for various companies.

JAPAN

Table of Japanese stock market data for various companies.

INTERNATIONAL CAPITAL MARKETS: A REVIEW OF 1979

BY OUR EUROMARKETS STAFF

SYNDICATED LOANS

Stretched banks face new test

SADDLED WITH an accumulated \$640bn of outstanding international loans in the six years since the 1973-74 oil price explosion, the industrial nations' commercial banks enter the 1980s beset by uncertainty on almost every side.

The U.S. freeze in November on Iranian assets. At a technical level, the basic techniques for assembling syndicated loans are now being questioned, after the calling into default of Iranian Euroloans.

declined in importance as loan managers during 1979, being supplanted in particular by the Japanese institutions. Now Japan has virtually ordered its banks out of the loans market.

INTERNATIONAL BONDS

A hard-earned record

A TOTAL of \$18.77bn of new international bond issues excluding Yankee bonds was floated last year, thus establishing a new record; this figure, though only \$1bn higher than that for 1977 marks a more than 30 per cent increase on the figure for 1978.

Table with columns: Rank, Bank, Amount (\$bn), No. of issues. Includes entries like Credit Suisse, Deutsche Bank, etc.

TOP MANAGING BANKS IN SYNDICATED EUROLOANS IN 1979

Table with columns: Group, Volume of Loans (\$bn), No. of Deals. Includes entries like Lloyds Bank, Bank of Tokyo, etc.

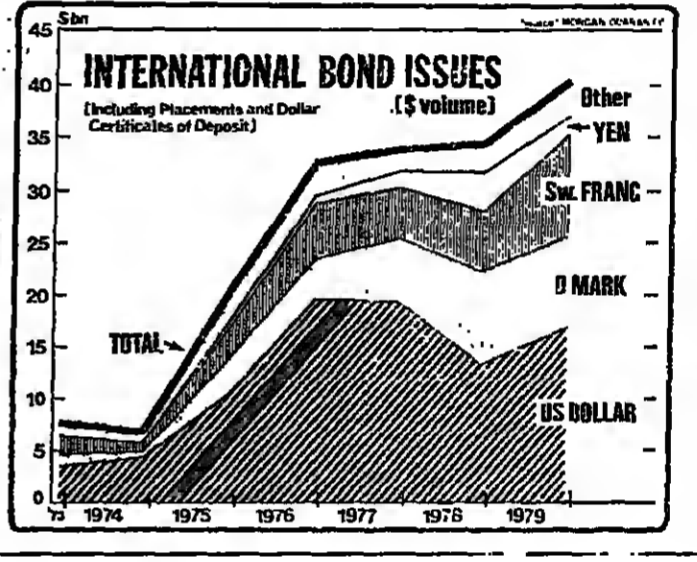
Floating rate notes adapt to troubled times

THE FLOATING Rate Note was the star instrument of international bond markets in 1979 but it revealed its drawbacks in the aftermath of the "Volcker package".

U.S. INTEREST RATES No let-up from Cassandras

LAST YEAR opened with Wall Street's Cassandras — men like Dr. Henry Kaufman of Salomon Brothers and Dr. Albert Wajnlower of First Boston — predicting, as they had consistently through 1978, that America's inflationary economic expansion would have to end with a credit squeeze involving record interest rates.

INTERNATIONAL BOND ISSUES (\$ volume)



D-Mark issues fall back

THE DEUTSCHE MARK sector of the bond market can look back on a good year but not an outstanding one. The trials and tribulations of the U.S. dollar might have been expected to lead to an increase in the volume of new D-Mark bond issues but such was not to be the case.

Samurai out of favour

AFTER EMERGING strongly as a source of capital in 1977 and 1978, the foreign bond, or Samurai, market was undermined in 1979 by two factors. These were the weakness of the yen and the huge volume of domestic government bonds which the Japanese securities business had to float on unrealistic terms and in an environment of rising interest rates.

Swiss franc's higher yields

IN TERMS OF volume 1979 proved a record year for Switzerland's foreign bond market, both for public issues and for private placements. Turnover in listed bonds has also been high — and has been instrumental in the Zurich Stock Exchange reaching an all-time peak in securities trading.

Yen convertibles lose their gloss

A total of eight convertible Eurobonds in dollar form, totalling \$340m, were issued by Japanese companies in 1979. But overall international investors would have found it difficult to make a decent return on most Japanese convertibles last year, according to analysts.

Advertisement for Sociétés de Développement Régional. Includes logo, list of regional development societies, and contact information for NMB Bank.

Companies and Markets

MICHELIN TIRES CANADA

The change in the labour laws

BY LYNDON WATKINS IN HALIFAX

THE PASSAGE on Friday of controversial changes to the Nova Scotia Trades Union Act has cleared the way for an early start of construction by Michelin Tires Canada of a third production plant in the Province.

involved will go a considerable way to reduce Nova Scotia's current 10.3 per cent unemployment rate, the conditions attached to them brought unusually stiff resistance both from the Nova Scotia Federation of Labour and Opposition Parties in the Provincial Legislature.

stability, this has not been generally accepted. On the contrary, the Government's action has led to a serious breakdown in long established mechanisms for avoiding conflict.

bill, it will not now be counted. The company denies it is anti-union and few of its workers complain about pay or working conditions.

Scrap issue at Bahrain Bank

By Our Bahrain Correspondent THE National Bank of Bahrain has announced a one-for-one share scrip issue, the third in the space of three years.

Italsider loss continues

BY PAUL BETTS IN ROME ITALSIDER the main operating company of the Italian State steel holding group, Finisider, lost 1,205,200 in the first nine months of 1979. The Board reported at a meeting in Genoa.

Price rises at IBM

By Stewart Fleming in New York INTERNATIONAL BUSINESS MACHINES, which sharply cut the cost of computing power when it brought out its new 4800 series of computers at the beginning of the year, has now announced across-the-board increases ranging from 5.20 per cent to the price of its computers, computer software and word processing equipment.

CURRENCIES, MONEY AND GOLD

A decade of changing fortunes

After a decade in which sterling has weakened dramatically against most of the currencies of Britain's EEC partners, the last year has seen a period of stabilisation, and much the same can be said for the Italian lire. The dollar has shown a similar picture, falling sharply against the D-mark and Swiss franc, while the Japanese yen, which has lost ground over the last few months as the problems of world energy supplies have weighed heavily on the yen.

value of North Sea oil, but during this period sterling hit an all time low of \$1.55 in October, 1976. A year ago the pound stood at \$2.015.

Against the Swiss franc the world's major economies. Sterling is not the only currency to weaken during the last decade, several others faced similar fates.

currency and fears about the world's major economies. Sterling is not the only currency to weaken during the last decade, several others faced similar fates.

GOLD

Table with columns for Gold Bullion (fine ounce) and Gold Coins, showing prices for December 28 and December 27.

THE DOLLAR SPOT AND FORWARD

Table showing Dollar Spot and Forward rates for various currencies including UK, Ireland, Canada, Netherlands, Belgium, Denmark, West Germany, France, Italy, Norway, Sweden, Japan, and Switzerland.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies including U.S., Canada, Netherlands, Belgium, Denmark, West Germany, France, Italy, Norway, Sweden, Japan, and Switzerland.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, and Japanese Yen.

CURRENCY RATES

Table showing currency rates for Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, and Japanese Yen.

CTHEIR MARKETS

Table showing CTHEIR markets for various countries including Argentina, Australia, Canada, Denmark, Finland, France, Hong Kong, India, Iran, Israel, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, and South Africa.

RECENT ISSUES

Table showing recent issues in equities, listing various companies and their share prices.

FIXED INTEREST STOCKS

Table showing fixed interest stocks, listing various companies and their share prices.

"RIGHTS" OFFERS

Table showing rights offers, listing various companies and their share prices.

LONDON MONEY RATES

Table showing London money rates for various currencies including Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, and Japanese Yen.

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table showing company dividend statements with columns for Company Name, Date, and Amount.

LOCAL AUTHORITY BOND TABLE

Table showing local authority bond table with columns for Authority, Annual Interest, and Maturity.

Public Works Loan Board rates

Table showing Public Works Loan Board rates with columns for Years, Quota Loans, and Repaid at.

I.G. Index Limited 01-351 3466

1. Tax-free trading on commodity futures. 2. The commodity futures market for the small investor.

INSURANCE BASE RATES

Table showing insurance base rates for Property Growth and Vanbrugh Guaranteed.

BASE LENDING RATES

Table showing base lending rates for various banks including A.B.N. Bank, Allied Irish Bank, Amro Bank, American Express, etc.

Some New Year resolutions

BY SAMUEL BRITTON

For the Queen. First, to make Windsor Castle available every week-end for President Valery Giscard d'Estaing for a rambling State visit to continue until the British Vegetarian contribution to the EEC has been settled.

For the French President. To accept the above invitation if offered. For Herr Eril. Ditto. Also to transfer the cost of support for the marginal Alpine farmers to the tourist budget.

For Sir Keith Joseph. To spend an early weekend writing the speech he would have delivered to the embarrassment of some of his colleagues, were he still in opposition and the recent aid package to British Leyland had been announced by Mr. Eric Varley for a Labour Government. Having drafted the speech he should deliver the substance of it and having said that it should be accepted if it seems a reversal of what he has just done in the Old Year, this will not be the first time that a senior Minister has reversed earlier action. Nor will it be the last.

For Sir Michael Edwards. To read the standard constitutional works on referenda. Their use and abuse.

For Professor Terry Burns, the new chief government economic adviser. To beware of the discreet embrace of the bourgeoisie, especially the knighted Treasury variety.

Foreign Office

For Mrs. Thatcher. First, to take less notice of the Foreign Office, whose advice is not merely often bad, but not even so reliable and consistent as she can safely do the opposite.

For Myself. To avoid using the word "monetary". The meaning can usually be expressed more accurately by words such as "market economics". Unscrupulous politicians and journalists have succeeded in transforming a technical term into a hate word, meaning something like sadistic, nasty-minded, gloating in unemployment, or simply and unworkable dogma, the nature of which the denigrator does not bother to reveal. But like all New Year resolutions this will be difficult to observe.

UNIT TRUST SERVICES

Table showing unit trust services for various companies including J. Henry Schroder Wagg & Co. Ltd., Senterly Associates International Ltd., etc.

OFFSHORE & OVERSEAS - contd.

Table showing offshore and overseas services for various companies including Senterly Associates International Ltd., etc.

"RIGHTS" OFFERS

Table showing rights offers for various companies including Senterly Associates International Ltd., etc.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tr. Mgrs. (a) 73-83, Abbey Rd., London EC4A 3DF. 01-493 9940. Abbey Unit Tr. Mgrs. (b) 73-83, Abbey Rd., London EC4A 3DF. 01-493 9940. Abbey Unit Tr. Mgrs. (c) 73-83, Abbey Rd., London EC4A 3DF. 01-493 9940.

Table of Unit Trust Managers and their respective funds, including details on assets and performance.

Table of Unit Trust Managers and their respective funds, including details on assets and performance.

Table of Unit Trust Managers and their respective funds, including details on assets and performance.

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INSURANCE PROPERTY BONDS

Table of Insurance Property Bonds, listing various policies and their terms.

OFFSHORE & OVERSEAS FUNDS

Table of Offshore & Overseas Funds, listing international investment options.

NOTES: Please refer to notes on reverse side of this page. Values are in pence unless otherwise indicated.

Continued on previous page

ABTMM Group of Companies

Machine Tools Marine Education and Science Projects
Head Office: 20 Park Street, London W1, Telephone: 01-492-1161/6.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)
3M Treasury 1982 88.5 101 912 16.22

Over Fifteen Years

22M Treasury 1982 89.5 101 912 16.22

Updated

1A 10/15/82 89.5 101 912 16.22

INTERNATIONAL BANK

15F 15A/16/82 89.5 101 912 16.22

CORPORATION LOANS

30A 30/31/82 89.5 101 912 16.22

COMMONWEALTH & AFRICAN LOANS

1A 10/15/82 89.5 101 912 16.22

Public Bond and Ind.

1A 10/15/82 89.5 101 912 16.22

Financial

30A 30/31/82 89.5 101 912 16.22

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FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like 1A Do. Sp. Pref., 1B Do. Sp. Pref., etc.

AMERICANS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like J.S.A. 10/15/82, J.S.A. 10/15/82, etc.

CANADIANS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like St. Montreal 5%, St. Montreal 5%, etc.

BANKS AND HIRE PURCHASE

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like Bank of America, Bank of America, etc.

BANKS & HP—Continued

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like Bank of America, Bank of America, etc.

BEERS, WINES AND SPIRITS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like J.M. Buller, J.M. Buller, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like New Industries, New Industries, etc.

BANKS AND HIRE PURCHASE

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like Bank of America, Bank of America, etc.

CHEMICALS, PLASTICS—Cont.

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

DRAPERY AND STORES

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like J. & B., J. & B., etc.

ELECTRICALS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

CHEMICALS, PLASTICS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

ENGINEERING

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

ENGINEERING MACHINE TOOLS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

ENGINEERING—Continued

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

HOTELS AND CATERERS

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

INDUSTRIALS (Misc.)

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

FOOD, GROCERIES, ETC.

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

FOOD, GROCERIES, ETC.

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FOOD, GROCERIES—Cont

Table with columns: Stock, Price, Last, Bid, Offer, etc. Includes entries like ICI, ICI, etc.

FOOD, GROCERIES, ETC.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, dividends, and other financial metrics.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance, with columns for stock price and dividends.

PROPERTY—Continued

Table of property stocks including companies like British Land and Anglo-Continental, with columns for stock price and dividends.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture and Anglo-Continental, with columns for stock price and dividends.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like City of London and Anglo-Continental, with columns for stock price and dividends.

WAKO SECURITIES CO., LTD. Tokyo, Japan. Wake Investment (Europe) Ltd. 15th Floor, City Point, London WC2E 9HT, London EC2Y 5EA, Ennis 1.

MINES—Continued

Table of mining stocks including companies like Anglo-American and Anglo-Continental, with columns for stock price and dividends.

OVERSEAS TRADERS

Table of overseas traders including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

COPPER

Table of copper stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

TEAS

Table of tea stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

MINES

Table of mining stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

EASTERN RAND

Table of eastern rand stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

FAR WEST RAND

Table of far west rand stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

INSURANCE

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance, with columns for stock price and dividends.

PROPERTY

Table of property stocks including companies like British Land and Anglo-Continental, with columns for stock price and dividends.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture and Anglo-Continental, with columns for stock price and dividends.

FINANCE, LAND

Table of finance and land stocks including companies like City of London and Anglo-Continental, with columns for stock price and dividends.

FINANCE

Table of finance stocks including companies like City of London and Anglo-Continental, with columns for stock price and dividends.

REGIONAL MARKETS

Table of regional markets including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Continental and Anglo-Continental, with columns for stock price and dividends.

Notes and additional information regarding the stock market data.

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Boyd sees danger in picketing proposals

By Alan Pike, Labour Correspondent. PROPOSALS to restrict picketing could mean "the virtual demise of democratic trade unionism," said Sir John Boyd...

U.S. ready to defend Pakistan's borders

BY OUR FOREIGN STAFF

THE U.S. is prepared to defend Pakistan's territorial integrity, if necessary with force, against any threat launched by the Soviet Union from its new Afghan base.

President Carter said on the weekend that he was delaying his full response to the Soviet intervention until after consultations with America's five major allies.

Thatcher, sent a letter to Mr. Brezhnev in which she declared herself profoundly disturbed at recent developments in Afghanistan and puzzled by the assertion that the Russian action was at the invitation of the Afghan government.

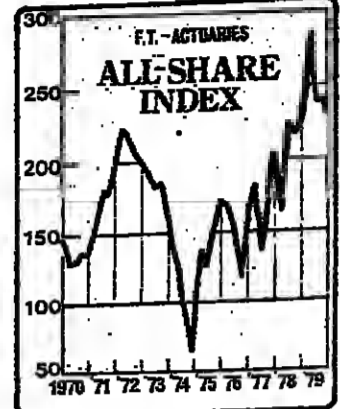
Leaders set for economic battles

By Elinor Goodman, Lobby Staff

THE Prime Minister and the Leader of the Opposition yesterday staked out the lines of next year's political battles in their New Year messages.

THE LEX COLUMN Distorting mirror of inflation

For the man in the street the 1970s have been much better than they are usually painted: consumer spending per capita has continued to rise, albeit erratically...



On this, the last day of the year, the F.T. Actuaries All-Share Index stands some 55 per cent above the level of 147.34 at which it began the decade.

By 1973 there was something of a rush to get out of the more vulnerable financial areas and into something more solid—a phase which led to baffling mergers like those between Bowater and Ralli, and between P & O and Bovis.

Political ego

At one stage, Sir John implied a similarity between the controls on trade union activity envisaged in the Employment Bill and the "abhorrent evils" of Communist-controlled countries.

If only the present Cabinet had a "little less political ego and a little more political vision" it would recognise the error of its ways.

Sir John, writing in the AUEW Journal, said that limiting picketing to a person's place of work could lead to employers transferring production elsewhere during a strike.

"This means that any employer can bleed any union to death and workers on strike can remain so for ever, with the employer sitting back and laughing at them."

Exemptions. Similarly, the intention to widen exemption from union membership to cover workers with deeply held personal convictions would open the flood-gates to "all sorts of eccentric opportunists and crackpots to develop these convictions."

So, without analysing the proposals any further, unions will either lose their usefulness and wither away, or be financially bled to death, or both.

Kuwait crude up by 19%

FINANCIAL TIMES REPORTER

KUWAIT yesterday announced a 19 per cent oil price increase, retroactive to November 1, bringing the rate for its main crude variety to \$25.50.

The rise brings Kuwait into line with Iraq, Abu Dhabi and Qatar in the Gulf. With Venezuela and Indonesia, they form the middle rank of the Organisation of Petroleum Exporting Countries in what is effectively a three-tier system.

As yet, the Saudi Government has given no indication of what it intends. Its action could have a crucial bearing on prices decided by North Sea oil producers.

Table with 7 columns: Producer, Output (millions of barrels a day), Crude variety (API gravity), Latest price, End 1978, and Increase %. Lists producers like Saudi Arabia, Iran, Iraq, Kuwait, Abu Dhabi, Qatar, and Libya.

Continued from Page 1 Steel

necessary to try and prevent road hauliers from moving larger amounts of steel than they normally do. He is expected to have further talks with Mr. Sid Weighell, general secretary of the NUR, and other transport union officials in the next few days.

Mr. Alex Kitson, deputy general secretary designate of the Workers Union, representing the majority of dockers and lorry drivers, said yesterday that some groups of these workers had already agreed to support the steelmen.

The steel unions and the TGWU will be in further discussions over the next week "as to how we can be most effective in giving them assistance," he said.

Mr. Gordon Sambrook, commercial director of BSC, told customers yesterday: "There is no need for people to think there will be an immediate steel famine."

He said that the unions had picked a bad time for a strike, with BSC producing 250,000 tonnes more than predicted in the past three months. British Steel has already begun the long and difficult process of running-down production

Egypt freezes \$2bn. of Arab funds

BY ROGER MATTHEWS IN CAIRO

EGYPT HAS issued a military order freezing nearly \$2bn of Arab deposits held at the Central Bank in Cairo. Dr. Hamed El Sayeh, the Minister of the Economy, said in an interview published yesterday that the order had been made for national security reasons.

He claimed that the Egyptian action was taken because the agreements covering the special deposits "had been unilaterally abrogated" by the other Arab countries.

Saudi Arabia, Kuwait, Iraq and other Gulf States are taking the issue to a full board meeting of the International Monetary Fund on January 21, two days after the Fund is due to hear complaints from Iran over similar American action in freezing Iranian funds held in the U.S.

Dr. Sayeh said yesterday that Egypt had reached agreement with Saudi Arabia in the summer of 1978 that its special deposits should remain in Egypt for the next ten years. Kuwait

is understood to have about \$1.6bn on deposit, Saudi Arabia has over \$800m. Iraq \$300m and other Gulf countries smaller amounts. The Minister said that the Arab countries had recalled the deposits as a result of decisions taken at the Arab summit meeting in Baghdad in November 1978, and the subsequent Foreign Ministers' meeting last March which agreed on a political and economic boycott of Egypt for signing the peace treaty with Israel.

The Kuwait deposit of about \$1bn, it is understood could technically be recalled at almost any time, while the Saudi money is believed to be on a fixed repayment period.

Iraq first approached the IMF last autumn after it had been refused repayment of its \$300m but Egypt then invoked the "national security" clause, a device used by a debtor nation when it believes action against it is being instigated for political rather than economic or technical reasons.

Continued from Page 1 Rhodesia

"We will contest the election as a separate entity — as ZANU (PF)," Mr. Nkomo said. "We will maintain the alliance, a loose alliance." He added that, if ZANU won the election, it would offer Mr. Nkomo the purely titular job of State President, and some ZAPU members would be given Cabinet posts.

The offer is likely to be regarded as derisory by ZAPU, and the announcement brought an immediate hostile response. "As far as we are concerned, ZANU cannot make the decision unilaterally unless they want to break away from the Patriotic Front," Mr. Cephas Mupfema, ZAPU's senior executive member in Salisbury, said. A decision would be up to Mr. Nkomo and Mr. Mugeba at a planned meeting in Dar-es-Salaam.

The ZANU decision, which Mr. Nkomo said was authorised by the party leaders in Harare, underlines the continuing deep division between the parties, largely along tribal lines. ZANU officials fear that an alliance with the largely Ndebele-oriented ZAPU would alienate their own overwhelmingly Shona supporters at the polls.

Weather

UK TODAY. COLD northerly airstream covers British Isles. London, Cent. S. England, Midlands, N.W. Cent. N. England, S.W. Scotland. Mainly dry, sunny periods. Frost early and late. Max 4C (39F). (S) E. N.E. England, I. of Man, Argyll, N. Ireland, N. Wales. Sunny intervals, wintry showers especially near coasts. Frost inland early and late. Max 4C (39F). Channel Isles, S. Wales, S.W. England. Sunny periods, some scattered showers near north facing coasts. Max 7C (45F). Orkney, Shetland. Cloudy, snow showers, drifting in places. Max 4C (39F). Outlook: Sunny intervals and showers chiefly in east. Cold with frost.

Table titled 'WORLDWIDE' showing weather conditions for various locations including London, Paris, Rome, New York, Tokyo, etc.

Italy tackles energy problems

THE Italian Government introduced a package of emergency economic measures at the weekend, including increases in domestic fuel and petrol prices, telephone charges and electricity.

The package is largely designed to tackle the country's growing energy difficulties. For the third time in barely six months, petrol prices were increased by 9 per cent with four-star petrol up by 155 to L655 a litre (equivalent to about £1.06 a gallon) as from yesterday.

a gallon) yesterday while electricity charges will increase by an average of 18.4 per cent and telephone charges by an average of 15 per cent from tomorrow.

Sig. Antonio Bisaglia, the Industry Minister, said after a Cabinet meeting the current system of Government price controls on oil products would be gradually eased to enable Italy to compete effectively for scarce oil supplies next year.

He also warned that further increases in domestic energy prices would be likely later next year. The Government hopes easing price controls and raising

domestic fuel prices in line with other European countries will encourage major oil companies to supply more crude to the Italian market next year.

Italy at present faces a shortfall of about 25 per cent in its overall oil imports requirements for 1980.

The minority administration of Sig. Francesco Cossiga also approved an energy-savings programme yesterday which envisages energy rationing measures during emergencies.

To compensate for the latest price rises, the Government has increased minimum pensions, and is to introduce a Bill to

reform the country's chaotic pension system.

To soften the impact on industry, the Government is to reduce the burden of social welfare costs paid by industry to workers by an overall L2,000bn (£1.1bn) next year.

Moreover after months of delays and controversy, the Government finally named, yesterday, the new chairman of three of Italy's leading medium-term special state credit institutes.

The new chairman of IMI, Italy's largest special state credit institute, is Sig. Piero Schlesinger.

The Debentures specified above are to be redeemed for the said Sinking Fund at the Maturation Securities Service of the Fiscal Agent, 111 Wall Street, 2nd Floor—Bond Windows, in the Borough of Manhattan, The City of New York, State of New York; or at the main offices of Banca Nazionale del Lavoro, Rome; Banque de Paris et des Pays-Bas, Luxembourg; Credito Italiano, Milan; Deutsche Bank Aktiengesellschaft, Düsseldorf; Dresdner Bank Aktiengesellschaft, Frankfurt/Main; Hill Samuel & Co. Limited, London; Pierce, Fennell & Smith, New York; Societe Generale, Paris or Societe Generale et Banque S.A., Brussels, as the Company's paying agents, and will become due and payable on January 15, 1980 at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date.

For MASSEY-FERGUSON NEDERLAND N.V. By CITIBANK, N.A. Fiscal Agent. December 20, 1979

Handwritten signature: هكزان الانيل